

Under Secretary Aldridge Briefs Media on Base Closure Process

Announces Efficient Facilities Initiative (EFI)

Under Secretary of Defense (Acquisition, Technology and Logistics) Edward C. "Pete" Aldridge Jr. spoke at the Pentagon Aug. 2 on the Department's proposed legislation for an additional round of base closures.

I must tell you the last thing I want to do is stand up here before you and tell you that the President, the Department of Defense, and Members of Congress are going to have to take some actions that could affect bases and facilities and thousands of lives around the country. However, the people elect the President, they elect the Members of Congress, and they appoint the Secretary of Defense and people like myself to be good stewards of the taxpayers' dollars.

But this is really more than a cost-savings exercise. We're now operating somewhere between 20 to 25 percent more infrastructure capacity than we need to meet the operational support and training needs of our forces. We've simply got to do something about this.

Legislation to address this problem is being forwarded to the Congress before their recess this week. It is called the Efficient Facilities Initiative [EFI]. It is legislation that will allow the Department to reduce infrastructure by closing, consolidating, or realigning bases and facilities in the United States.

There is a collateral effort, not requiring legislation, that will address the excess infrastructure outside the United States.

The Secretary of Defense signed a memorandum yesterday to the Chairman of the Joint Chiefs of Staff requesting him to direct the geographic combatant com-

manders to prepare overseas basing plans. Those plans will be due six months after the completion of the QDR [Quadrennial Defense Review].

The EFI effort will address all U.S. military installations. Recommendations for closure or retention will be based upon future force structure needs to meet our strategy, and will emphasize retained military value. There will be savings after the initial start-up costs from this effort. These funds can be used to better support our people, modernize our forces, improve the remaining infrastructure, and start the transition to the future.

EFI will encourage a cooperative effort between the President, the Congress, the Military Services, and the local communities to achieve the most effective and efficient base structure for America's armed forces for that purpose.

Let me now turn to some specifics.

After passage of the legislation for fiscal '02, the Secretary will task the Department to begin a comprehensive review of DoD installations, emphasizing military value. And he will make recommendations for a revised infrastructure plan to an independent EFI Commission by March of 2003. The Commission will review these recommendations and send their own recommendations to the President by July 2003. The President will have two weeks to accept or reject the Commission's recommendations on an all-or-none basis. If rejected, the Commission shall provide revised recommendations back to the President by mid-August of 2003. If the President rejects the revised recommendations the second time, the process ends.

If the President accepts the recommendations, they are forwarded to the Con-

gress in early September 2003. Forty-five days after the President's transmittal, the recommendations become binding unless the Congress enacts a joint resolution rejecting the recommendations on an all-or-none basis. The Secretary of Defense must initiate the binding recommendations within two years and complete them within six years.

I would now like to address the differences between the prior base closure



legislation and the EFI. The new legislation proposes there will be nine commissioners rather than eight, to avoid tie votes. It also proposes that there be a single round rather than multiple rounds. The legislation specifies that *military value* shall be the primary criteria for selecting bases for closure or realignment. Prior legislation did not specify the selection criteria. The new legislation highlights the factors that the Secretary should consider in his evaluation such as combining military operations, privatization, government agency consolidation, remobilization requirements, and elimination of leased spaces. As in the past, this legislation gives localities a significant role in determining the future use of military installations in their communities.

That provides a summary of the legislation. I'd like to address one of the major criticisms that we've heard about base closures and realignments — that these efforts really do not save money. This is really not a cost-savings effort. It is focused on the proper infrastructure for supporting our military forces. But from prior BRAC [Base Realignment and Closure] rounds, we estimate that we are now saving about \$6 billion a year. The GAO [General Accounting Office] and Congressional Budget Office have independently validated the magnitude of these savings. We now estimate that after spending up-front costs, we will start to achieve savings in fiscal year '07 and will eventually reach a steady-state savings rate of over \$7 billion a year. These are imprecise estimates at this

time, because we have not done the analysis of which installations will, in fact, be affected.

What I'd also like to emphasize is there will be additional savings as a result of not having to recapitalize or increase the base maintenance and repair of those facilities as they would have aged over time.

I'll now respond to any questions you may have.

Q Secretary Aldridge, you say that 20 to 25 percent of infrastructure that you now have is unneeded. Isn't it true that most of those closings would be domestic? Haven't you had massive foreign base closings so far? Do you estimate that most of these closings would be domestic?

A Yes, that number is for domestic closures. As I mentioned, there's an independent effort that was signed out by the Secretary yesterday to ask the combatant commanders in geographical areas to come up with their plans for base forces — base structure overseas.

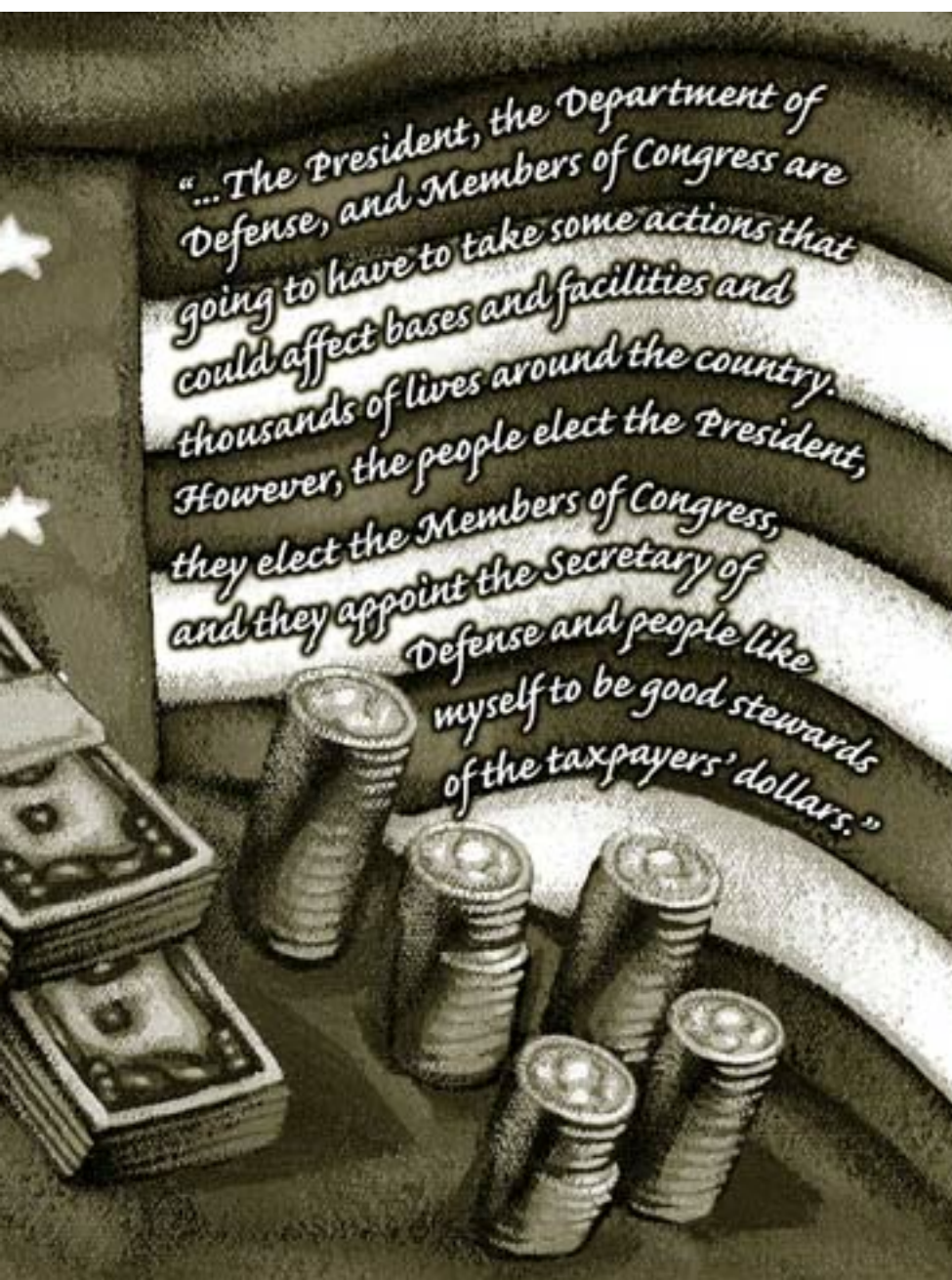
Q Do you have any idea how many bases might be closed here?

A Overseas?

Q Overseas and in this country.

A The analysis hasn't been done. We know that our infrastructure's about 20 to 25 percent more than we need. The preciseness of which ones would be closed to meet the capacity we need based upon the strategy we want to do has not yet been determined.

Q Some of the problem with the last base closure process or the main one that localities complained about was that they had to hire high-priced lobbying firms to represent them



to the Commission. How will you avoid that problem — if at all — in the process? Also, the Clinton administration tried several times to get base closures approved from Congress; do you think you'll have a better chance at it, and why?

A Regarding the first question, I can't decide how the local communities want to react. We are here to look at our infrastructure to support our force structure and our strategy. I'll tell you that we've got too much. We need to go address it. Our jobs are to protect the taxpayers' interests and make sure we have the ability to carry out our strategy. We have to do it in the very best way possible. And we need to do that analysis. How the individual communities respond, I can't determine. We have no way of reacting to that.

The other question on whether or not [the legislation] can be passed is that we have to do something. Again, the force structure is not consistent with the base structure that we have. We have too much capacity; we have to do something about it. We are proposing to the Congress a process by which we can do it fairly and objectively, taking it out of the political environment in which these type things tend to get immersed. We have to do something of this nature to avoid the political implications. We have to do it right, we have to do it objectively, and we propose legislation to make that happen.

Q You mentioned the factors that the Secretary would take into consideration in determining/recommending which bases are closed or realigned. Is geography or geographic balance one of those factors in any sense?

A No. We have to look at the strategy and what our force structure has to do. We have to have those facilities, the locations, and the capacity in the areas that we need them. Whether it has military value is the fundamental criteria.



Q But isn't geography in some cases a military value?

A In some cases it would be, based on where we need to go and how fast we need to get there.

Q Do you have any examples of such facilities?

A No, because we have not done the analysis. We are just beginning the process of putting down what criteria we want, the military value we want to establish for these facilities, and are preparing to do that analysis. We have not started the analysis, in spite of what some people believe, and so we're just getting underway.

Q What specifically does the legislation propose to do to prevent the kind of politicization of the process that you mentioned, which marred the last base closing round? And specifically, is there anything contained in the legislation to prevent the sort of privatization in space initiative that the Clinton Administration undertook?

A The legislation does not propose to eliminate any possibility. But the process to

get it away from the political environment is to have the Secretary of Defense, who is ultimately responsible for establishing the military capabilities, in conjunction with the Military Departments and the Joint Chiefs of Staff, to determine what facilities, installations, and capacity he needs to conduct military operations, to make that list available, and then give that list to an independent Commission that would be appointed by the Congress. With the Congress and the President, a commission of nine members would review that list and could make changes or accept the Secretary's position or whatever. That is independent. And then they, as independent, submit that to the President, and it's an all-or-nothing approach.

Q Isn't that how the other rounds worked?

A Yes, it's the way the other rounds were, but the process is a little more comprehensive in the fact that the criteria for selection is military value. That was uncertain in the prior rounds.

Q Can you tell us how this will overlap with the QDR? I mean, couldn't you conceivably have, under the QDR, some sort of restructuring that would essentially dictate base closings and possibly give you some kind of political cover as well?

A The QDR would, in fact, be very much a part of this, because this is fiscal year '02 legislation, and when the Congress passes it — which will be sometime toward the end of the year — the QDR has to be finished, by law, by September the 30th of this year. So the QDR is, in fact, an input into the process. Now the process starts with the new legislation, and that will run for a period of a year. So the QDR is definitely an input into this process.

Q Two questions. When the Secretary presents his list of recommendations to the Com-

mission, will the Commission be able to consider bases which are not on the Secretary's list of recommendations, or will the Secretary, in effect, "redline" a group of bases and say, "These I need"? The second question; you mentioned that one of the criteria is remobilization requirements. That sounds like how long is a piece of string; I mean, depending on the size of the war, you can need anything for remobilization.

A Well, that's one of the factors. If for some reason you may need a facility close to a shoreline for naval purposes, you may be, or may not be, required to look at that. You may want to take that into consideration. It's one of the factors. It may not be an important factor, but it should be one of them, if we ever have to do something of that nature again.

Q Couldn't anybody claim, "This base is going to come in handy with a war?"

A Could be. Now, let me address the other part of your question, which is yes, the Commission can do anything it wants. It is an independent commission. It has the list. It can make any decisions that it desires. Now, we're still working out some details. Suppose there is a significant difference between what the Commission wants and the Secretary wants — that has to be worked out. We haven't gotten to that point yet.

Q There's clearly very little support in Congress for this. John McCain has a bill that I don't think has much support. And the members of the House and Senate Armed Services Committee, who you would think would be supportive of this, are clearly cool to the idea. I'm just wondering, do you have a "Plan B" if this doesn't happen? Is there any way you can make savings within the Department curtailing operations, consolidating it all? Or do you just come back next year and try again?

A This is hard, and we all know it. This is one way that we need to address what we need to support our forces in the

most efficient manner possible. So we believe we have to do this. Congress may deny us the ability. We have other activities underway which are things we can do internally to improve the efficiency of the operation. We have weapon systems we have to address. If we can't afford the budget that we have, we have to address what things we need, what things we don't. And we have some activities — looking at our overhead structure, how we can cut back on the overhead, the tooth-to-tail ratio. Those are initiatives that may or may not pan-out over time, but all of us are always looking for efficiencies in our operations. Clearly, trying to find \$6 billion or \$7 billion a year is very, very difficult by just cutting out overhead and infrastructure.

Q Are you suggesting that if you don't get your base closures, weapons programs and [other] purchases may be less ambitious?

A Yes, they could be. We haven't gotten to the point of making that trade-off yet. We have lots of different options regarding our infrastructure in terms of people, weapon systems, and things of that nature. But a lot of that depends on what our budget will look like over the next few years.

Q Are you going to look at the organizational structures of the Services? For example, a lot of National Guard units have 15 planes instead of 24; active-duty Air Force squadrons have 18-20 planes. Are you going to look at consolidating there?

A I would say that is one of many factors that has to be looked at. Consolidation is certainly one of those. Restructuring, realignments are all part of the game plan that we have to look at to make efficient use of facilities that we have.

Q There's been some informal discussion on the Hill about a process that would, as the earlier question suggested, "redline" certain bases as absolutely essential for national security

and take them off the table. Can you tell us why you opted not to go with that?

A That would really politicize the process because everyone would be clamoring to get their bases on that list. We have opened it up to all bases. We are not trying to restrict the levels. Although I think during the analysis we will find some of those [where] it will be very clear that we cannot make any modifications. But the process in the beginning is open, it's objective, it's fair across the board; it's looking at all facilities without any restrictions.

Q Does the estimate of 20 to 25 percent excess capacity apply to the overseas bases as well?

A No, that's just for U.S. (CONUS) bases.

Q And do you have any estimate of their excess?

A No, I do not — we just asked for their plan. We are letting the combatant commanders come back with the plan of what they think they need to support their overseas commitments, and we'll see what they say. I have no idea what that would look like.

Q How can you come up to that 20 to 25 percent estimate without actually knowing where that overcapacity lies?

A That's why the range is 20 to 25. It is an uncertain number based upon our estimate, just a gross estimate of capacity to support the force structure we need according to where we think the QDR may come out. And it's just an estimate — we don't know. When we get down to the analysis, we'll get further into it and we'll get more precise on what the number is.

Q Mr. Secretary, given the furor over the '95 round, why wouldn't you want to rule out

privatization now to remove that obstacle, because that was how it got politicized. Why wouldn't you want to assure Congress now that's not going to happen?

A Well, it may make some sense that it would be the proper thing to do, and we have to make that case. And there may be some partnerships one could undertake. I know we've had partnerships in many of the depots that have worked very, very well between the government and privatization. So I don't want to rule that out as being something we're just going to not address, when it may make some sense when we get into the analysis.

Q *Two questions: Is there a cost associated with this base closing process? And secondly, among the options that you're considering, would one of them be to simply shut down bases, not close them through the formal process, in order to save money?*

A The answer is yes, there is obviously a cost up front, as you have to move people, you have to close things down, you have to pay money to do these kinds of things. There is an up-front cost, and it will be the first few years of this process before we start saving money, just like we did on the previous rounds, which addressed about 21 percent of the facilities we had. The number is in the tens of billions — \$10 billion, something of that order. I don't know because, again, the analysis requires the specifics of [each] base. And we know what we did last time. We can kind of extrapolate what it cost us before, given the rough size and order of magnitude, and so we can make an estimate. And all it is, right now, is an estimate.

Q *The second question was, amongst the options you're considering to save money in the event that this does run into opposition, is one of those options shutting down?*

A Yes. Clearly, you could shut down and essentially mothball, and that's certainly

one of the considerations that should be brought into the factors. And we have to take all of those into account.

Q *Can you explain the rationale for doing one round instead of multiple rounds?*

A Yes, and this may get back to the issue of the local communities. We don't want to put the local communities through this torture twice. If any community passed the first round and didn't make it, now they're going to have to go back through a second round. It's unpleasant enough to have to go through this once. We shouldn't make people go through it twice. Let's do it once, do it right, encompass all of it, get it behind us and move on.

Q *Since the overriding criterion here is military value, will the Secretary or will the independent Commission have public hearings?*

A I don't know the process — I don't know what they plan to do.

Q *Have you talked to the Services about consolidating test facilities such as Army, Air Force, and Navy?*

A That will be a consideration in the analysis that is underway, yes. When it gets underway, everything is on the table, and test facilities are certainly one of those.

Q *How does the Navy, currently pulling out of its training range in Vieques, factor all of this with the timing since the Commission is looking at a March 2003 deadline for making recommendations? And add on to that the Navy having to find another place to train to replace Vieques?*

A We haven't started the analysis at all, because we haven't gotten the legislation to do it, so we can't start it until we get

the legislation. That is probably going to be a factor in the process, but depending on where they go, if it's an overseas facility, it would have an impact.

Q *Does Vieques count as a domestic or an overseas facility in this?*

A Domestic.

Q *Does the legislation create a mechanism by which the Secretary of Defense could intervene or intercede in the proceedings of the Commission if the Commission wishes to close or act on bases that are not on his list?*

A Not in the process as the Commission is doing its analysis. We are discussing now the details of what happens — and we haven't gotten this specifically laid out — what happens if there is a disagreement that, for example, the Commission wants to put an additional base on the list above what the Secretary did? What role does the Secretary, who has the ultimate decision on military capability — how does he address that? That is something that's being discussed now — how we would handle that — and we don't have a definite answer as we go through this process.

Q *Is that going to be submitted by tomorrow?*

A It will be submitted tomorrow, and that's part of the discussion that's ongoing right now.

Q *I've got two questions. Was 2003 chosen so that Congress would not have to decide this next year, ahead of the 2002 Congressional elections?*

A No, it was decided based upon passage of the legislation in fiscal '02 in giving the Department about a year to do the analysis necessary to rationalize what the structure ought to be.

Q

Congress was furious over the fact that President Clinton stepped in after the '95 BRAC and kept bases open in California and Texas for political purposes. What's being done to prevent this in the future?

A

It's the process, as we say. When the President gets the recommendations from the Commission, it's an all-or-nothing decision.

Q

He [the President] cannot step in afterwards?

A

No, sir. The way the legislation is written, he cannot.

Q

Given the reaction to the B-1 decision, how would you characterize the Congressional receptivity to this proposal?

A

It's going to be tough. You have heard, and we have heard, that some people are very much against this process. Some other people are very much for it, recognizing that we need to do something, and we have tried to make our best case that we have to go do something. This is a process that we believe will result in an answer which is acceptable to everyone, hopefully, and that we'll get on with our business.

Q

You said that the President could accept or reject these as a package. But he would be free, wouldn't he, to write a letter to the Commission explaining why he rejected the package and making suggestions as to how to change it?

A

That's part of it, that when the Commission makes their recommendations, the President can reject them — obviously he tells them why he's done so. They have an opportunity to go back and re-look. And they can take into account what the President saw, and can make modifications as appropriate.



Q

So he would be, in effect, be able to tell them, "You change it this way or the whole process is rejected?"

A

No, change more like, "I don't like it because you didn't address this factor or this factor; go back and re-look." When it comes back again, it should have addressed [the President's] concerns. And if it does not, he rejects it and the thing stops. So it can all be done.

Q

Who appoints the Commissioners?

A

In the prior BRAC rounds, the Speaker of the House had two seats, the President had two seats, and everybody had their choice: they could put people in. This time the plan is that it would go forth with a package of nine [Commissioners] that would be [appointed] in consultation with both the President and the Congress. But exactly how they're [appointed] is still being negotiated.

Q

A previous question was about inter-Service consolidation of tech facilities. One of

the areas in which a previous BRAC staff and commissioners failed utterly was to get inter-Service consolidation of everything on bases. What mechanism are you setting up at all to goad them into doing it this time?

A

We have a much more cooperative spirit at the Department of Defense. The relationship between the Service Secretaries, the Secretary of Defense, the Deputy Secretary, and me is very, very good. The process that we have in place that monitors the ongoing analysis will be a cross-Service view, a Joint-like view, because the Service Secretaries, the Secretary, the Deputy Secretary, and myself will sit on an overview committee to make sure that there's consistency among the Services for how they're addressing their issues, and there's a cross-flowing of information. So I think it's going to be much, much better.

Q

Will this begin by asking the Service Chiefs what they want to close? Is that how you start?

A

Yes. The process has to start with the Services coming up with their candidates. They look at what they need for their force structure to meet their needs, and they have proposals. We cross-fertilize those, because there could be some areas that, if you're going to close one base, maybe the Navy could join them and they could close one of theirs. It's a whole process that has to go on, and it has to be not only stovepipes — which it was before within the Services — it has to be integrated across. And that's what we're going to do.

Q

Will there be some sort of an appeals process for communities?

A

Appeals process?

Q

Appeals process. And if so, where would that fit in?

A

You're asking me for some details that I just don't have at this point in time. We want to let the communities have an input into this process, and it may be at some point it would be appropriate to do so. We have not spelled that out in the legislation.

Q

Will there be any openness in the overseas closings? The last rounds, in the early '90s, were done quite secretly.

A

I haven't seen the results yet, and I don't know how they plan to present it. There's not a need that I see to have a highly secretive process. Commanders ought to be able to identify which facilities they need and which ones they don't, and that ought to be an open process that the Secretary of Defense has to address.

Q

One of the major criticisms of the previous BRAC rounds was that without a uniform accounting system, you couldn't tell how much savings were going to be achieved. So how do you intend to address that within this initiative? And second, are you going to ask Congress to alter the 60-40 rule for depot maintenance?

A

That's not part of this legislation. But yes, we want to have a much more comprehensive analysis of the savings. We're getting a very good database put together of what our facilities are, how much they cost, what capacity they have. So we have some good information, better information to start this process than we did in the past. So we hope to do that.

Q

Have you given any thought to incentivizing the process by letting each Service keep the savings from the bases it closes?

A

Basically, the end result is that's what will happen. If we do in fact save money as a result — and we hope we will — those funds will be redistributed and offset things we would normally have to pay for in people and modernization and so forth. So while the number of bases doesn't get directly back to the Services, it does in an indirect way because it increases the money available to other than base operations for the Department of Defense.

Thank you very much.

Editor's Note: This information is in the public domain at <http://www.defense.link.mil/news>.

Defense Acquisition University (DAU) Sponsors Executive Level Course

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Federal Civilian Education and Training in DoD *How Can We Gauge Its Value?*

The Department of Defense (DoD) prides itself on providing "world class" training and continuing education to its military employees and would like to expand that reputation to its civilian employees. But just what does "world class" mean in the civilian context and how can the DoD best measure the quality of its efforts? A recently released RAND study, *Ensuring the Quality and Productivity of Education and Professional Development*

Activities: A Review of Approaches and Lessons for DoD, points out that the DoD's education and training efforts are highly decentralized and suggests that defense policymakers can gauge the caliber of those efforts by choosing one of four assessment approaches. To read about the approaches or to obtain a complete copy of the report, visit the DoD Chancellor of Education Web site at <http://www.chancellor.osd.mil/>.